

BOSSIER PUBLIC TRUST FINANCING AUTHORITY
SINGLE FAMILY MORTGAGE PROGRAM
NOVEMBER 30, 2011 AND 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

JUN 06 2012

BOSSIER PUBLIC TRUST FINANCING AUTHORITY

SINGLE FAMILY MORTGAGE PROGRAM

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MANAGEMENT'S DISCUSSION AND ANALYSIS

BOSSIER PUBLIC TRUST FINANCING AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section presents readers of the financial statements of Bossier Public Trust Financing Authority with a narrative overview and analysis of its financial activities for the fiscal year ended November 30, 2011. It is intended to serve as an introduction to the basic financial statements of Bossier Public Trust Financing Authority, which statements consist of fund financial statements and the notes thereto. Because the activities of the Authority consist solely of a single, specific program, the fund financial statements present the same information that would otherwise be included in government-wide financial statements that are designed to provide a broad overview of all the Authority's finances, in a manner similar to that of private-sector businesses.

Financial Analysis

The financial statements of the Authority present the financial transactions of the Single Family Mortgage Program, which is designed to provide funds for the purchase of single family residences in Bossier Parish through the issuance of revenue bonds. The Program is self-liquidating, in the sense that the bonds are repaid over their terms from the proceeds generated from mortgage loan repayments by homeowners.

At November 30, 2011, 98.5% of the Authority's total assets of \$373,715 consisted of investments in mortgage-backed securities. Those investments declined by \$67,026 in 2011 and \$200,483 in 2010, as homeowners repaid the mortgage loans underlying those securities. In a similar manner, bonds payable also declined during 2011, from \$115,000 to \$20,000 and declined by \$210,000 in 2010, as the mortgage loan repayments were used to retire the Authority's debt. Interest earned during the year on mortgage loan investments, which amounted to \$24,206, was sufficient to cover bond interest expense of \$4,023 and to absorb administrative expense of \$3,102. During 2010, interest earned of \$31,732 was more than interest expense of \$13,968.

Requests for Information

This financial report is designed to provide a general overview of Bossier Public Trust Financing Authority's finances for all those with an interest in the Authority's financial operations of its Single Family Mortgage Program. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the Administrative Agent, Bossier Public Trust Financing Authority, 710 Benton Road, Bossier City, Louisiana 71111.

FINANCIAL STATEMENTS

BOSSIER PUBLIC TRUST FINANCING AUTHORITY

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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May 21, 2012

The Board of Trustees
Bossier Public Trust Financing Authority
Bossier City, Louisiana

Independent Auditor's Report

We have audited the balance sheets of the Mortgage Program Fund of the Single Family Mortgage Program of the Bossier Public Trust Financing Authority, component unit of Bossier City, as of November 30, 2011 and 2010, and the related statements of revenues, expenses, and changes in fund balances, and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Mortgage Program Fund of the Single Family Mortgage Program of the Bossier Public Trust Financing Authority as of November 30, 2011 and 2010, and the revenues, expenses, and changes in fund balances, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on the following pages is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Heard, McElroy & Vestal, LLC

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BOSSIER PUBLIC TRUST FINANCING AUTHORITY

SINGLE FAMILY MORTGAGE PROGRAM

BALANCE SHEETS

NOVEMBER 30, 2011 AND 2010

<u>ASSETS</u>	<u>Mortgage Program Fund</u>	
	<u>2011</u>	<u>2010</u>
Cash and temporary investments-Note 2	3,786	16,227
Accrued interest receivable	1,874	2,266
Investments (market value \$384,130-2011 and \$466,685-2010)-Notes 2 and 3	<u>368,055</u>	<u>435,081</u>
Total assets	<u>373,715</u>	<u>453,574</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Bonds payable-Note 4	20,000	115,000
Accrued interest on bonds payable	<u>408</u>	<u>2,348</u>
Total liabilities	20,408	117,348
Fund balance	<u>353,307</u>	<u>336,226</u>
Total liabilities and fund balance	<u>373,715</u>	<u>453,574</u>

The accompanying notes are an integral part of the financial statements.

BOSSIER PUBLIC TRUST FINANCING AUTHORITY

SINGLE FAMILY MORTGAGE PROGRAM

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES

FOR THE YEARS ENDED NOVEMBER 30, 2011 AND 2010

	<u>Mortgage Program Fund</u>	
	<u>2011</u>	<u>2010</u>
<u>Revenues:</u>		
Interest on mortgage loans and investments	24,206	31,732
<u>Expenses:</u>		
Interest on bonds	4,023	13,968
Administrative expenses	<u>3,102</u>	<u>3,000</u>
Total expenses	<u>7,125</u>	<u>16,968</u>
<u>Excess of revenues over expenses</u>	17,081	14,764
<u>Fund balance, beginning of year</u>	<u>336,226</u>	<u>321,462</u>
<u>Fund balance, end of year</u>	<u>353,307</u>	<u>336,226</u>

The accompanying notes are an integral part of the financial statements.

BOSSIER PUBLIC TRUST FINANCING AUTHORITY

SINGLE FAMILY MORTGAGE PROGRAM

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED NOVEMBER 30, 2011 AND 2010

	<u>Mortgage Program Fund</u>	
	<u>2011</u>	<u>2010</u>
<u>Cash flows from operating activities:</u>		
Excess of revenues over expenses	17,081	14,764
Adjustments to reconcile excess of revenues over expenses to net cash provided by operations:		
Change in assets and liabilities:		
Accrued interest receivable	392	633
Accrued interest payable	<u>(1,940)</u>	<u>(2,823)</u>
Net cash provided by operations	15,533	12,574
<u>Cash flows from investing activities:</u>		
Proceeds from sale of investments	67,026	200,483
<u>Cash flows from financing activities:</u>		
Retirement of bonds	<u>(95,000)</u>	<u>(210,000)</u>
<u>Change in cash and temporary investments</u>	<u>(12,441)</u>	<u>3,057</u>
<u>Cash and temporary investments, beginning of year</u>	<u>16,227</u>	<u>13,170</u>
<u>Cash and temporary investments, end of year</u>	<u>3,786</u>	<u>16,227</u>
<u>Supplemental disclosure of cash flow information:</u>		
Cash paid during the year for interest	<u>5,963</u>	<u>16,791</u>

The accompanying notes are an integral part of the financial statements.

BOSSIER PUBLIC TRUST FINANCING AUTHORITY

SINGLE FAMILY MORTGAGE PROGRAM

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2011 AND 2010

1. Organization and Summary of Significant Accounting Policies

Organization

The Authority, a public trust, was created on May 29, 1979 in accordance with the provisions of a Trust Indenture with the City of Bossier City, Louisiana and Chapter 2-A of Title 9 of the Louisiana Revised Statutes of 1950, as amended. Operations of the Authority commenced on January 9, 1980 with the sale and issuance of its Single Family Mortgage Revenue Bonds, 1979 Series A and the subsequent acquisition of mortgage loans on single family residences in the Parish of Bossier, Louisiana (the "Program").

On April 1, 1992, the Authority executed a plan to refund its Program bonds by exchanging its 1979 Series A bond issue for the Single Family Mortgage Revenue Refunding Bonds, Series 1992. The new bonds were issued in accordance with a "Resolution of the Issuer" and an "Indenture of Trust" dated April 1, 1992 between the Issuer and the Trustee to provide sufficient funds to refund the Single Family Mortgage Revenue Bonds, 1979 Series A on June 1, 1992. On November 16, 1995 the Authority refunded the Single Family Mortgage Revenue Refunding Bonds, Series 1992, with Single Family Mortgage Revenue Refunding Bonds, Series 1995B, and Taxable Single Family Mortgage Revenue Bonds, Series 1995A.

Under the Program, the Authority utilizes area financial institutions to service mortgage loans acquired. In addition, a bank has been designated as Trustee for the Program and has the fiduciary responsibility for the custody and investment of funds.

The bonds are special obligations of the Authority and do not constitute obligations of the State of Louisiana, the City of Bossier City, the Parish of Bossier, or any political subdivision thereof.

The Agency is a component unit of the City of Bossier City, Louisiana. The financial statements include all account groups which are controlled by or are dependent on the Agency's Board of Directors. Control by or dependence on the City was determined on the basis of taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Fund Accounting

The assets, liabilities, and fund balance of the Authority are reported in a self-balancing fund group referred to as the Mortgage Program Fund. This fund provides for the accounting of all Authority revenues and expenses.

Several years ago, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments," which establishes a new financial reporting model for state and local governmental units. However, the nature of the Authority's financial reporting is not significantly affected by this statement.

1. Organization and Summary of Significant Accounting Policies (Continued)

Basis of Accounting

The fund is maintained on the accrual basis of accounting for financial reporting purposes.

Cash and Temporary Investments

For purposes of the statement of cash flows, the Authority considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash and temporary investments.

Investments

Investments are carried at cost which is adjusted for accretion of discount or amortization of premium. Market value declines are not recorded since the Authority's intention is to hold these investments to maturity. The Authority is permitted to invest in Moody's rated "AAA" state and municipal bonds, obligations of the United States Government and Obligations of the Federal Home Loan Bank. No violations of the investment policy were noted at November 30, 2011 and 2010.

Bond Issuance Costs and Premiums

Bond issuance costs are expensed as incurred. Premiums are taken into income when the bonds are issued.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, expenses, and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

2. Cash and Temporary Investments

Portions of cash, temporary investments, and investments included in the Mortgage Program Fund, as prescribed in the Indentures, are restricted for bond principal reduction. As of November 30, 2011 and 2010, these restricted amounts totaled approximately \$18,400.

3. Investments

Pursuant to the Indenture, the Bonds will be secured by an assignment and pledge of all right, title and interest of the Authority in and to (1) the 1995 Program GNMA Securities, the 1995 Program FNMA Securities, the 1979 Mortgage Loan FNMA Securities (each excluding the Excess Interest Portion thereof) and the Pledged Revenues, (2) all moneys and securities received under a GNMA Guaranty Agreement pursuant to which GNMA agrees to guarantee the timely payment of principal and interest on the 1995 Program GNMA Securities, (3) any rights of the Authority in and to the general intangibles and proceeds of the general intangibles relating to the Program, including, but not limited to, the Origination Agreements (excluding certain rights with respect to indemnification and the payment of fees and expenses) and Servicing Agreement (excluding certain rights with respect to indemnification and payment of fees and expenses) and (4) all moneys and securities or other investments (including, without limitation, the Investment Agreement) held in any fund or account, including the Program Fund and the Revenue Fund, but excluding moneys and securities in the Rebate Fund, the Costs of Issuance Account, the Excess Interest Fund and the Excess Interest Portion.

3. **Investments (Continued)**

Investments consist of the following:

	<u>2011</u>	<u>2010</u>
Bayerische Landesbank 5.38% bonds, dated 11-16-95, due 08-01-28	28,585	24,615
FNMA/GNMA pools 6.625%, due in 2026	339,470	362,218
FNMA pool 6.625%, due 2027	-	48,248
Totals	<u>368,055</u>	<u>435,081</u>

See note 2 for portion of investment account restricted at November 30, 2011.

4. **Bonds Payable**

At November 30, 2011 and 2010, bonds payable consist of Single Family Mortgage Revenue Bonds, 1995 Series as follows:

	<u>2011</u>	<u>2010</u>
Term Bonds, 6.0% interest, maturing on August 1, 2015	10,000	40,000
Term Bonds, 6.125% interest, maturing on August 1, 2028	<u>10,000</u>	<u>75,000</u>
Total bonds	<u>20,000</u>	<u>115,000</u>

The principal amount of bonds called for early redemption for the years ended November 30, 2011 and 2010, was \$80,000 and \$150,000, respectively.

Scheduled bond principal maturities at November 30, 2011 are as follows:

Thereafter	<u>20,000</u>
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Under provisions of the Indenture, the Authority has the option to redeem remaining outstanding bonds in whole at any time on or after August 1, 2005 from available funds at an initial redemption price of 102% of par and subsequently at prices declining to par as of August 1, 2007. The bonds are collateralized by the income derived from the mortgage loans and the funds and accounts held under or pledged to the Program pursuant to the Indenture.

In February 2012, the remaining bonds were called for full redemption totaling \$15,000 (\$5,000 were redeemed in December 2011).

5. **Subsequent Events**

Management has evaluated subsequent events through May 21, 2012, the date the financial statements were available to be issued. (Refer to Note 4.)